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C O N F I D E N T I A L SECTION 01 OF 03 ABU DHABI 002947

SIPDIS

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SUBJECT: PDAS CHENEY DISCUSSES REFORM, TIP AND TRADE

REF: STATE 99833

Classified By: AMBASSADOR MICHELE J. SISON, REASONS 1.4 (B) AND (D).

1. (C) Summary: During NEA Principal Deputy Assistant Secretary Cheney's visit to the UAE June 26-27, she had an

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opportunity to speak to different audiences about political reform, trafficking in persons, and economic issues. Cheney emphasized that to fully empower its citizens, the UAE Government needed to guarantee political freedom and democracy, and also boost economic development. Her interlocutors said Emiratis needed to be educated about their civic responsibilities first. Cheney encouraged the UAEG to move on the G/TIP action plan to improve its chances of getting a favorable reassessment that will move the UAE off the list of Tier 3 countries. She noted that the main impediment to concluding a U.S.-UAE Free Trade Agreement was the UAE's labor situation and its human trafficking problem. Cheney also had the opportunity to speak with Emirati officials, academics, and journalists about Dubai's important economic role, and to tour a pair of colleges and speak with some students and school administrators in Abu Dhabi. End Summary.

#### POLITICAL REFORM

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2. (U) On June 26, PDAS Cheney and the Ambassador hosted a dinner for 12 prominent Emirati business people, journalists, academics, and civil society leaders. Present at the dinner was Sultan bin Sulayem (SBS), a top lieutenant of Dubai Crown Prince Sheikh Mohammed bin Rashid and the CEO of Dubai Ports, Customs, and Free Zone Corporation. On June 27, Cheney and the Ambassador met again with SBS and continued their discussion from the night before.

3. (C) Addressing USG efforts to encourage political reform in the UAE, President of the UAE Businesswomen's Association Raja Al Gurg and other dinner guests expressed concerns about "trying to run before they could walk." They said citizens need to understand the responsibilities that go with democracy before participating in elections, or else a corrupt or pandering government would be elected. Cheney responded that the USG considered elections a necessary but not sufficient condition for democracy, and she fully supported efforts at building civil society and institutions associated with public participation in government. Noting that the President had admitted the USG's error in supporting "stability over democracy" in its relations with the Arab world for the past 60 years, Cheney told the guests that this was no longer the case.

4. (C) SBS argued strongly that the key to a thriving and happy citizenry was not democracy but rather economic development. He said that in the end, people really wanted prosperity and fairness. Prosperous and educated citizens would vote more for the long-term interests of the country rather than for the politician that promised food on their plates and other handouts. He brought up the low levels of corruption in the UAE as both a factor in the UAE's economic success and a source of fairness in the society. (Note: According to Transparency International's "Corruption Perception Index," which ranks countries from least to most perceived corruption, the UAE ranked 29th out of 145 countries.) SBS said that people in the UAE were happy and rarely talked about political issues, but that corruption in Saudi Arabia and especially Iran, where people are not happy, was "unbelievable." "I have never seen corruption like in Iran," he said. Cheney agreed with SBS on the importance of economic development, but added that the right of citizens to govern themselves, freedom of the press, and other political freedoms were equally important to provide hope and opportunity for young people and decrease terrorists' ability to recruit.

#### TRAFFICKING IN PERSONS

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5. (U) Cheney used her visit to a Camel Jockey Rehabilitation Center in Abu Dhabi Emirate June 26 to encourage the UAEG to move on the G/TIP action plan to demonstrate that it is making significant efforts to bring itself into compliance with the minimum standards for the elimination of trafficking in persons. Cheney told Labor Minister Al Kaabi that it was

imperative that the UAE have a camel jockey law on the books and then proceeds to prosecute traffickers.

16. (U) The Labor Minister and Abu Dhabi Police officials led Cheney and the Ambassador on a visit of the camel jockey shelter that Abu Dhabi Crown Prince Sheikh Mohammed bin Zayed had established on the Zayed Military City army base in December 2004. The shelter, one of two facilities for rescued camel jockeys operated by the Abu Dhabi Police Social Support Center, reported having 44 boys over the age of 12 the day of Cheney's visit. In May, the local government opened a second shelter in Abu Dhabi's Al Mafraq suburb adjacent to a youth correctional facility. As of June 26, the Al Mafraq shelter reported having 165 boys age 12 and below. On June 27, the police transferred the children from the Al Mafraq shelter to a more spacious school compound in Abu Dhabi's Bani Yas suburb.

#### LABOR AND THE FREE TRADE AGREEMENT

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17. (C) During the June 27 dinner, Cheney told her guests that the UAE's labor situation and its camel jockey problem were issues under discussion in the ongoing U.S.-UAE FTA negotiations. Several dinner guests, including Essa Al Ghurair, a leading member of a prominent Dubai merchant family, wondered why the USG was insisting on labor unions as a condition of FTA instead of allowing a more gradual process. SBS added that the focus should be on how workers were treated rather than on unions. He explained that in Jebel Ali Free Zone, which he runs, workers are happy, well taken care of, and paid on time. Cheney agreed that labor conditions were important, then explained that the freedom of association and the right to collective bargaining were core labor standards of the International Labor Organization.

18. (C) SBS said that the UAE, and Dubai in particular, depended on and was built on free trade. He worried that in the trade negotiations the USG was equating the UAE with Oman or Jordan. "Think of us like Singapore. We are traders," he said. Cheney replied that the USG was treating each FTA negotiation separately, and negotiating each item one-by-one. SBS stressed that when it came to cooperation with the US, the UAE was always first, whether in fighting terrorism or in Dubai's decision to be the first Middle East customs organization to sign the Department of Homeland Security's Container Security Initiative and later the Department of Energy's Megaports Initiative. Ambassador urged SBS to work with federal and emirate level officials to move draft export control legislation forward. Cheney thanked SBS for his support and cooperation on critical transshipment issues.

#### DUBAI'S ECONOMY

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19. (C) Cheney asked SBS where he saw Dubai five years from now. SBS said that Dubai was capitalizing on the regional situation, but that it had its own personality. SBS said that instead of making five- or ten-year plans, Dubai focused on what worked in the market. He said that the government concentrated on practical improvements. Cheney asked him whether he was concerned that Dubai was becoming over-developed. SBS explained that Dubai was not just serving itself, but was serving the whole region, including India, Iran, and East Africa. He admitted that growth rates of 25-30 percent were causing problems, such as difficulty in finding enough qualified workers quickly. (Note: Dubai's official statistics state that Dubai's 2004 nominal GDP growth was 17 percent.) SBS thought that growth could not continue as fast as now, but he thought Dubai had at least another 15 years of strong growth ahead. "But if the region does not grow, we won't grow," he added.

110. (C) Cheney told SBS that the UAE's accomplishments were very impressive, and that Dubai was in some ways a model for the region. SBS said that he and Dubai Ports and Customs were already playing a large role in helping Djibouti and elsewhere. Under Dubai's management, Djibouti port had grown substantially, earning the Djibouti government \$8 million a year compared to \$1 million before Dubai Ports took over. He said that Dubai Customs had brought 40 Djibouti Customs officials to Dubai for six months of training, and had recently completed computerizing its records system, thereby increasing transparency. Under Dubai's management, Saudi's Jeddah port had gone from 800,000 containers a year up to two million. He said that Rwanda had requested the same kind of assistance as well.

#### EDUCATION

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111. (U) In Abu Dhabi on June 26, Cheney accompanied Minister of Education Sheikh Nahyan bin Mubarak Al Nahyan to the Higher Colleges of Technology Abu Dhabi Men's College and to Zayed University (a federal women's university in Abu Dhabi). At the Higher Colleges of Technology Sheikh Nahyan gave

Cheney a tour of the campus and highlighted the university's impressive advanced technology, such as interactive, on-line classrooms and courses. Sheikh Nahyan explained that the Higher Colleges of Technology offers students both higher diplomas (similar to three-year Associate of Arts degrees) and bachelor's degrees. At Zayed University (ZU), Cheney met and presented certificates to four women professionals who have received MEPI-funded scholarships to pursue a two-year new master's degree program in Educational Leadership. She also visited with 11 ZU Student Ambassadors. Two of the Student Ambassadors met Cheney three years ago when they were in the U.S. for the first Young Ambassador's Program at Fairleigh Dickinson University. They told Cheney that the program was a life-changing experience, and that they have returned to the U.S. many times since. On a tour of the ZU campus, Cheney visited a classroom where high school girls in a summer educational program were studying English.

12. (U) This message was prepared jointly by Embassy Abu Dhabi and Consulate General Dubai, and was cleared by PDAS Cheney.  
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